

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES  
NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature 	Printed Name		License Number	

# **Northville Parks and Recreation Commission**

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**Financial Report  
with Supplemental Information  
June 30, 2006**

# Northville Parks and Recreation Commission

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## Independent Auditor's Report

To the Northville Parks and Recreation  
Commission

We have audited the accompanying financial statements of each fund and the government-wide activities of the Northville Parks and Recreation Commission as of and for the year ended June 30, 2006, which collectively comprise the Northville Parks and Recreation Commission's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Northville Parks and Recreation Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each fund and governmental-wide activities of the Northville Parks and Recreation Commission as of June 30, 2006 and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis (identified in the table of contents) is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

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To the Northville Parks and Recreation  
Commission

The accompanying required supplemental information and other supplemental information, as identified in the table of contents, are not required parts of the basic financial statements. The required supplemental information is information required by the Governmental Accounting Standards Board; the other supplemental information is presented for the purpose of additional analysis. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northville Parks and Recreation Commission's basic financial statements. The required supplemental information and the other supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Plante & Moreau, PLLC*

August 30, 2006

# **Northville Parks and Recreation Commission**

## **Management's Discussion and Analysis**

The following discussion and analysis of the financial performance for the Northville Parks and Recreation Commission (the "Commission") provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2006. Please read it in conjunction with the Commission's financial statements.

### **Financial Highlights**

The following represents the most significant financial highlights for the year ended June 30, 2006:

- Significant staff time was devoted to preparing for the opening of 40 acres at Northville Community Park in August 2006. This includes a dog park, soccer game and practice fields, a lacrosse game field, and a playground and picnic area.
- Increased facility rentals occurred due to the second full year of operation of the renovated and expanded Senior Community Center.
- In total, program activities ended the year with a contribution to overall operations of \$14,691.
- Facility use agreements for servicing the Northville Baseball/Softball Association and Northville Soccer Association were implemented in 2005 and continued into FY2006. These agreements resulted in a breakeven position for the direct costs of servicing these independent community programs.

### **Using this Annual Report**

This annual report consists of a series of financial statements. The statement of net assets portion of the governmental funds balance sheet/statement of net assets and the statement of activities portion of the statement of governmental fund revenue, expenditures, and changes in fund balance/statement of activities provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Commission's operations in more detail than the government-wide financial statements by providing information about the Commission's most significant funds.

# Northville Parks and Recreation Commission

## Management's Discussion and Analysis (Continued)

### The Commission as a Whole

The following table shows, in a condensed format, the net assets as of the current date and compared to the two prior years:

TABLE I

	2004	2005	2006	Changes from Prior Year	
				in Dollars	Percent
<b>Assets</b>					
Current assets	\$ 2,354,746	\$ 723,214	\$ 792,409	\$ 69,195	10
Noncurrent assets	<u>3,766,022</u>	<u>3,955,673</u>	<u>3,812,157</u>	<u>(143,516)</u>	(4)
Total assets	6,120,768	4,678,887	4,604,566	(74,321)	(2)
<b>Liabilities</b>					
Current liabilities	2,172,302	295,007	330,514	35,507	12
Long-term liabilities	<u>1,905,735</u>	<u>1,917,433</u>	<u>1,865,637</u>	<u>(51,796)</u>	(3)
Total liabilities	<u>4,078,037</u>	<u>2,212,440</u>	<u>2,196,151</u>	<u>(16,289)</u>	(1)
<b>Net Assets</b>					
Invested in capital assets -					
Net of related debt	1,951,143	2,128,720	1,993,131	(135,589)	(6)
Restricted	-	6,272	23,538	17,266	275
Unrestricted	<u>91,588</u>	<u>331,455</u>	<u>391,746</u>	<u>60,291</u>	18
Total net assets	<u>\$ 2,042,731</u>	<u>\$ 2,466,447</u>	<u>\$ 2,408,415</u>	<u>\$ (58,032)</u>	(2)

The statement of net assets is relatively consistent with the prior year, resulting in an overall fluctuation of 2 percent. Fiscal year 2004 reflects a higher level of activity because the construction activity for the jointly owned senior center renovation and expansion was under the management of the Commission's staff. Although the Commission's staff is currently managing a 40-acre expansion at Northville Community Park, that park is an asset solely owned by the Charter Township of Northville. The construction costs for that project, therefore, are not recorded by the Commission.

The decrease in long-term assets is due solely to depreciation expense. The decrease in long-term liabilities is due to scheduled loan payments.

# Northville Parks and Recreation Commission

## Management's Discussion and Analysis (Continued)

The following table shows the changes of the net assets during the current year and as compared to the two prior years:

TABLE 2

	2004	2005	2006	Changes from Prior Year	
				in Dollars	Percent
<b>Revenue</b>					
Program revenue:					
Program activities	\$ 984,175	\$ 985,450	\$ 1,086,652	\$ 101,202	10
Federal and state grant revenue	228,982	171,456	76,311	(95,145)	(55)
Park development revenue	70,958	51,061	46,806	(4,255)	(8)
Dog park revenue	19,731	7,514	16,840	9,326	124
Facility rental revenue	208,077	273,705	364,482	90,777	33
General revenue:					
Operating contributions - City and Township	875,629	1,072,124	1,097,536	25,412	2
Construction contributions - City and Township	696,290	344,862	12,136	(332,726)	(96)
Donations	74,237	5,604	12,613	7,009	125
Other revenue	101,827	76,975	72,110	(4,865)	(6)
Total revenue	3,259,906	2,988,751	2,785,486	(203,265)	(7)
<b>Expenses</b>					
Program activities	1,249,297	997,007	1,175,960	178,953	18
Parks	286,450	354,113	434,767	80,654	23
Facility centers	171,211	417,732	476,646	58,914	14
Administration	548,791	739,250	693,484	(45,766)	(6)
Park improvements	7,590	16,224	13,681	(2,543)	(16)
Debt service	41,108	40,709	48,980	8,271	20
Total program expenses	2,304,447	2,565,035	2,843,518	278,483	11
<b>Change in Net Assets</b>	<b>\$ 955,459</b>	<b>\$ 423,716</b>	<b>\$ (58,032)</b>	<b>\$ (481,748)</b>	(114)

Significant revenue fluctuations are due to the following.

- It was expected that program activities would increase during the year due to the improved facilities and growth of the programs.
- The decrease in grant revenue and construction contributions is due to completion of the Senior Community Center which was partially funded by grants in addition to the municipal contributions.
- The increase in facility rental revenues was due to increased effort to market the public meeting space available for rental as well as a re-evaluation of the internal fees charged to programs.



# **Northville Parks and Recreation Commission**

## **Management's Discussion and Analysis (Continued)**

Significant expense fluctuations include the following.

- An increase in program activities expenses was anticipated as the additional program offerings were provided. The additional expenses were offset by the program revenues.
- The increase in parks expenses is due to the addition of one new full-time park maintenance position in order to maintain the additional 40 acres at Community Park and the pocket park on Sheldon Road.
- The increase in facility centers expenses was anticipated as the facilities are used more frequently. The expenses were offset by facility revenue.

Overall, the prior two years resulted in an increase in net assets due to the investment in capital assets. The decrease in net assets in the current year is due to the results of operating activities, which includes approximately \$177,000 of depreciation.

### **The Commission's Funds**

The Commission maintains four funds: the Parks and Recreation General Fund, the Senior Adult Services Fund (a Special Revenue Fund), and two Capital Projects Funds related to the two types of activities. The funds provide detailed information rather than information about the Commission as a whole. The Commission creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as construction projects and related activities.

### **General Fund Budgetary Highlights**

The General Fund accounts for all programming, operations, maintenance, and administrative functions of the Commission. The budget is monitored closely and amended quarterly.

The General Fund pays for all of the Commission's services. The most significant are program activities, operations and maintenance of parks and facilities, and administration. Major capital expenditures are accounted for in the Capital Projects Funds.

### **Capital Asset and Debt Administration**

At the end of fiscal year 2006, the Recreation Commission had \$3,812,157 (net of depreciation) invested in capital assets, which includes leasehold improvements, park improvements, and equipment. Most of the outdoor recreation amenities in the Northville community are owned by either the City of Northville or the Charter Township of Northville.

Financing for capital assets acquisition and improvements is provided by the Charter Township of Northville and the City of Northville.

# **Northville Parks and Recreation Commission**

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## **Management's Discussion and Analysis (Continued)**

### **Economic Factors and Next Year's Budgets and Rates**

The parks and recreation department continues to evaluate and modify program offerings and events, while offering new program initiatives that address key trends facing the Northville community. A key goal next year is to continue the development of partnerships and collaborative efforts in order to increase the recreation opportunities available to the residents and to assist the department with the financial impact of delivering quality leisure services.

The Parks and Recreation Five-year Master Plan will be updated in fiscal year 2007 and will help provide the department direction on program trends, facility priorities, and park priorities. Resident surveys, focus groups, and public workshops will provide the feedback necessary to help prioritize services and future development.

### **Contacting the Commission's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Northville Parks and Recreation Commission's office at 700 W. Baseline, Northville, Michigan 48167, or via the Commission's website at [www.northvilleparksandrec.org](http://www.northvilleparksandrec.org).

# Northville Parks and Recreation Commission

	Parks and Recreation General Fund	Senior Adult Services Fund	Parks and Recreation Capital Projects Fund	Senior Adult Capital Projects Fund	Total
<b>Assets</b>					
Cash and investments (Note 4)	\$ 377,267	\$ 136,421	\$ 10,250	\$ 117,941	\$ 641,879
Accounts receivable - Other	100,266	25,838	-	-	126,104
Due from other governmental units	-	9,000	-	-	9,000
Prepaid expenses	8,763	5,225	1,438	-	15,426
Capital assets - Net (Note 6)	-	-	-	-	-
Total assets	486,296	176,484	11,688	117,941	792,409
<b>Liabilities</b>					
Accounts payable	56,826	2,431	-	-	59,257
Accrued liabilities	26,954	3,985	-	-	30,939
Deferred revenue (Note 5)	155,029	14,495	-	-	169,524
Compensated absences:					
Portion due within one year	-	-	-	-	-
Portion due after one year	-	-	-	-	-
Long-term debt (Note 10):					
Portion due within one year	-	-	-	-	-
Portion due after one year	-	-	-	-	-
Total liabilities	238,809	20,911	-	-	259,720
<b>Net Assets - Fund balances</b>					
Reserved for:					
Mainville Capital Projects Endowment	-	-	-	11,850	11,850
Future Hillside Needs	-	-	11,688	-	11,688
Unreserved- Undesignated	120,250	129,757	-	-	250,007
Unreserved - Designated for other purposes (Note 8)	127,237	25,816	-	106,091	259,144
Total fund balances	\$ 247,487	\$ 155,573	\$ 11,688	\$ 117,941	\$ 532,689
<b>Net Assets</b>					
Invested in capital assets - Net of related debt					
Restricted for capital projects					
Unrestricted					
Total net assets					

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**Governmental Funds Balance Sheet/Statement of Net Assets**  
**June 30, 2006**

Adjustments (Note 3)	Government- wide Statement of Net Assets
\$ -	\$ 641,879
-	126,104
-	9,000
-	15,426
<u>3,812,157</u>	<u>3,812,157</u>
3,812,157	4,604,566
-	59,257
-	30,939
-	169,524
5,870	5,870
111,535	111,535
64,924	64,924
<u>1,754,102</u>	<u>1,754,102</u>
1,936,431	<u>2,196,151</u>
(11,850)	
(11,688)	
(250,007)	
<u>(259,144)</u>	
<u>(532,689)</u>	
1,993,131	1,993,131
23,538	23,538
<u>391,746</u>	<u>391,746</u>
<u><u>\$ 2,408,415</u></u>	<u><u>\$ 2,408,415</u></u>

# Northville Parks and Recreation Commission

	Parks and Recreation General Fund	Senior Adult Services Fund	Parks and Recreation Capital Projects Fund	Senior Adult Services Capital Project Fund	Total
<b>Revenue</b>					
Operating contributions - City and Township	\$ 954,171	\$ 143,365	\$ -	\$ -	\$ 1,097,536
Construction contributions - City and Township	-	-	12,136	-	12,136
Program activities	975,623	111,029	-	-	1,086,652
Federal and other grant revenue	100	76,211	-	-	76,311
Parks and facilities development revenue	46,806	-	-	-	46,806
Dog park revenue	16,840	-	-	-	16,840
Facility rental revenue	364,482	-	-	-	364,482
Donations	-	7,035	-	5,578	12,613
Other revenues	57,291	9,757	3	5,882	72,933
Total revenue	2,415,313	347,397	12,139	11,460	2,786,309
<b>Expenditures/Expenses - Current</b>					
Program activities	960,932	213,871	-	-	1,174,803
Park maintenance and capital outlay	349,895	-	71,372	1,775	423,042
Facility centers	353,728	-	-	-	353,728
Administration	554,945	117,827	-	-	672,772
Dog park expenditures	13,681	-	-	-	13,681
Debt service	4,535	-	52,372	-	56,907
Total expenditures/expenses	2,237,716	331,698	123,744	1,775	2,694,933
<b>Excess of Revenue Over (Under) Expenditures</b>	177,597	15,699	(111,605)	9,685	91,376
<b>Other Financing Sources (Uses) -</b>					
Transfers - Internal activities	(79,829)	(31,776)	111,605	-	-
<b>Net Change in Fund Balances</b>	97,768	(16,077)	-	9,685	91,376
<b>Fund Balances /Net Assets - Beginning of year</b>	149,719	171,650	11,688	108,256	441,313
<b>Fund Balances/Net Assets - End of year</b>	<u>\$ 247,487</u>	<u>\$ 155,573</u>	<u>\$ 11,688</u>	<u>\$ 117,941</u>	<u>\$ 532,689</u>

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**Statement of Governmental Funds Revenue, Expenditures, and Changes in  
Fund Balances /Statement of Activities  
Year Ended June 30, 2006**

Adjustments (Note 3)	Government-wide Statement of Activities
\$ -	\$ 1,097,536
-	12,136
-	1,086,652
-	76,311
-	46,806
-	16,840
-	364,482
-	12,613
(823)	72,110
(823)	2,785,486
1,157	1,175,960
11,725	434,767
122,918	476,646
20,712	693,484
-	13,681
(7,927)	48,980
148,585	2,843,518
(149,408)	(58,032)
-	-
(149,408)	(58,032)
2,025,134	2,466,447
<b><u>\$ 1,875,726</u></b>	<b><u>\$ 2,408,415</u></b>

# **Northville Parks and Recreation Commission**

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## **Notes to Financial Statements June 30, 2006**

### **Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the Northville Parks and Recreation Commission (the "Commission") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Commission.

#### **Reporting Entity**

The Commission consists of nine members who are appointed. There are no component units for which the Commission is considered to be financially accountable. The Commission operates under a joint services agreement between the City of Northville and the Charter Township of Northville. This agreement provides the funding formula as well as operational guidelines. In accordance with that agreement, administrative services are provided by the City of Northville. Accordingly, the Commission follows the financial policies adopted by the Northville City Council.

#### **Government-wide and Fund Financial Statements**

The government-wide portion of the financial statements reports information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities portion demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide column in the financial statements is reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# Northville Parks and Recreation Commission

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## Notes to Financial Statements June 30, 2006

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

The statement of net assets portion of the financial statements includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Commission's net assets are reported in two parts - invested in capital assets, net of related debt, and unrestricted net assets.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The governmental fund portion of the financial statements is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. Major revenue types for which receivables are recorded on the current accounting period's balance sheet include the contributions by the Charter Township of Northville and the City of Northville, program activities, and facility rental income. All other revenue items are considered to be available only when cash is received by the Commission.

During the prior year, the Commission concluded to separately report the activities of the general parks and recreation activities from its senior activities. These activities are reflected in separate funds.

The Commission reports the following major governmental funds:

**Parks and Recreation General Fund** - The General Fund is the Commission's primary operating fund. It accounts for all financial resources of the government, including rental and maintenance of all facilities within the Commission's oversight.

**Senior Adult Services Fund** - This Special Revenue Fund accounts for all of the senior adult programming and related administration.



# Northville Parks and Recreation Commission

## Notes to Financial Statements June 30, 2006

### Note 1 - Summary of Significant Accounting Policies (Continued)

**Parks and Recreation Capital Projects Fund** - This fund accounts for all capital acquisition and related professional services for the Commission, except for those accounted for in another fund.

**Senior Adult Services Capital Projects Fund** - This fund accounts for all activity related to capital improvements and related expenses for the Northville Senior Community Center.

#### **Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables** - All trade and intergovernmental receivables are shown as net of allowance for uncollectible amounts.

**Capital Assets** - Capital assets, which include property, plant, and equipment, are reported in the government-wide portion of the financial statements. Capital assets are defined by the Commission as assets with an initial individual cost of more than \$1,500 and a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and park improvements	5 to 50 years
Equipment and furniture	3 to 20 years
Vehicles	3 to 15 years

**Compensated Absences (Vacation and Sick Leave)** - It is the Commission's policy to permit employees to accumulate earned but unused sick and vacation pay benefits and accumulate compensatory leave time. After 10 years of service, employees may receive payment of the accumulated sick leave balance at the rate of 50 percent for retirement or 25 percent for other types of termination. A liability is accrued when incurred in the government-wide column of the financial statements.

# Northville Parks and Recreation Commission

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## Notes to Financial Statements June 30, 2006

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Long-term Obligations** - Long-term debt and other long-term obligations are reported as liabilities in governmental activities.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### **Note 2 - Stewardship, Compliance, and Accountability**

**Budgetary Information** - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, the Special Revenue Fund, and the Capital Projects Funds. All annual appropriations lapse at fiscal year end. The annual budget is prepared by the director and then reviewed by the Commission. After the budget is approved by the Commission, it is then presented to the Charter Township of Northville and the City of Northville for approval prior to the start of the fiscal year. The budget is reviewed by the Commission on a quarterly basis and amended as necessary.

The budget document presents information by fund, function, department, and line items. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. During the current year, the budget was amended in a legally permissible manner. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. The budgeted amounts for the General Fund, Special Revenue Fund, and Capital Projects Funds are adopted at the departmental level; expenditures in excess of amounts budgeted are a violation of Michigan law. The comparisons of actual results of operations to the General Fund, Special Revenue Fund, and Capital Projects Funds budgets shown in the required supplemental information are more detailed than the budgets as adopted by the Commission and are presented for analytical purposes only.

# Northville Parks and Recreation Commission

## Notes to Financial Statements June 30, 2006

### Note 2 - Stewardship, Compliance, and Accountability (Continued)

**Excess of Expenditures Over Appropriations in Budgeted Funds** - The Commission has no significant expenditure budget variances.

### Note 3 - Reconciliation of Government-wide and Fund Financial Statements

Total fund balances and the net change in fund balances of the Commission's governmental funds differ from net assets and change in net assets of the governmental activities reported in the statement of net assets and statement of activities portions of the financial statements. These differences result primarily from the long-term economic focus of the statement of net assets and statement of activities versus the economic focus of the governmental funds balance sheet and the statement of governmental funds revenue, expenditures, and changes in fund balances.

The following is a reconciliation of fund balance to net assets and the net change in fund balance to the net change in net assets:

<b>Total Fund Balance - Modified Accrual Basis</b>	<b>\$ 532,689</b>
Amounts reported in the statement of net assets portion are different because:	
Capital assets are not financial resources and are not reported in the funds	3,812,157
Compensated absences are included as a liability	(117,405)
Long-term liabilities are not due and payable in the current period and are not reported in the funds	<u>(1,819,026)</u>
<b>Total Net Assets - Full Accrual Basis</b>	<b><u>\$ 2,408,415</u></b>

# Northville Parks and Recreation Commission

## Notes to Financial Statements June 30, 2006

### Note 3 - Reconciliation of Government-wide and Fund Financial Statements (Continued)

Total Changes in Fund Balance - Modified Accrual Basis                      \$    91,376

Amounts reported in the statement of activities portion are different because:

Governmental funds report capital outlay as expenditures in the statement of activities; these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	33,824
Depreciation	(176,517)
Loss on disposal of capital assets	(823)

Increase in the accrual for long-term compensated absences reported as an expense in the statement of activities but not reported as an expense in the governmental funds	(13,819)
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Repayment of bond principal is an expenditure in the governmental funds but is not reported as an expense in the statement of activities	7,927
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Total Changes in Net Assets - Full Accrual Basis                      \$    (58,032)

### Note 4 - Deposits and Investments

Michigan Compiled Laws, Section 129.91 authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan and investment pools organized under the surplus investment pool acts of the State of Michigan.

# Northville Parks and Recreation Commission

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## Notes to Financial Statements June 30, 2006

### Note 4 - Deposits and Investments (Continued)

The Commission has designated one bank for the deposit of Commission funds. The investment policy adopted by the Commission in accordance with Public Act 196 of 1997 has authorized investment in all vehicles covered by the state statute listed above. The Commission's deposits and investment policies are in accordance with statutory authority.

The Commission's cash and investments are subject to several types of risk. At year end, the carrying amount of the Commission's cash and investments was pooled with City cash and investments. For purposes of risk disclosure, it is not practical to allocate risk to individual joint ventures. Disclosures related to the overall risk for the cash and investments are presented in the City's financial statements.

### Note 5 - Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Program revenue	\$ -	\$ 169,524

# Northville Parks and Recreation Commission

## Notes to Financial Statements June 30, 2006

### Note 6 - Capital Assets

Capital asset activity of the Commission's governmental activities was as follows:

	Balance July 1, 2005	Additions	Disposals and Adjustments	Balance June 30, 2006
Capital assets not being depreciated -				
Construction in progress	\$ -	\$ 6,136	\$ -	\$ 6,136
Capital assets being depreciated:				
Community Center improvements	3,027,554	-	-	3,027,554
Hillside improvements	856,734	-	-	856,734
Ford Field/Park improvements	65,901	-	-	65,901
Fish Hatchery Park improvements	7,232	-	-	7,232
Henningson Park improvements	7,700	-	-	7,700
Community Park improvements	295,362	-	-	295,362
Equipment:				
Program equipment and furniture	15,314	-	-	15,314
Office equipment and furniture	79,240	-	-	79,240
Parks maintenance equipment and vehicles	218,352	27,688	2,470	243,570
Subtotal	4,573,389	27,688	2,470	4,598,607
Accumulated depreciation	617,716	176,517	1,647	792,586
Net capital assets being depreciated	3,955,673	(148,829)	823	3,806,021
Net capital assets	<u>\$ 3,955,673</u>	<u>\$ (142,693)</u>	<u>\$ 823</u>	<u>\$ 3,812,157</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
Administration	\$ 6,894
Facility center	122,918
Program activities	1,157
Parks	45,548
Total governmental activities	<u>\$ 176,517</u>

# Northville Parks and Recreation Commission

## Notes to Financial Statements June 30, 2006

### Note 7 - Interfund Transfers

For the year ended June 30, 2006, the Parks and Recreation Fund transferred \$111,605 to the Parks and Recreation Capital Project Fund for park development, equipment purchases, and debt service. A transfer of \$31,776 was made from the Senior Adult Services Fund to the Parks and Recreation Fund for use of the senior community center.

### Note 8 - Fund Balance

Fund balance in the General Fund and Senior Adult Services Fund is designated to show management's intentions. The following is a summary of the changes in designated fund balance for these two funds:

	Balance July 1, 2005	Additions	Deletions and Adjustments	Balance June 30, 2006
Designated fund balance- Recreation:				
Compensated absences - Recreation	\$ 36,370	\$ 8,747	\$ -	\$ 45,117
Community Park - Northville Twp.				
Building Authority transfer (1)	44,208	21,680	29,275	36,613
Hillside Recreation Center -				
Northville Township (1)	12,388	13,008	-	25,396
Soccer field improvements	40,058	-	33,945	6,113
Dog park	10,840	16,840	13,682	13,998
Scout building operations	5,854	-	5,854	-
Total	<u>\$ 149,718</u>	<u>\$ 60,275</u>	<u>\$ 82,756</u>	<u>\$ 127,237</u>
Designated fund balance - Seniors:				
Compensated absences - Seniors	\$ 7,693	\$ 2,211	\$ -	\$ 9,904
Bus replacement	15,912	-	-	15,912
Total	<u>\$ 23,605</u>	<u>\$ 2,211</u>	<u>\$ -</u>	<u>\$ 25,816</u>

(1) Recreation program fees include a \$4.00 facility surcharge designated for Community Park (\$2.50) and Hillside (\$1.50) debt service payments.

The Parks and Recreation Capital Projects Fund and the Senior Adult Services Capital Projects Fund have fund balances at June 30, 2006 of \$11,688 and \$117,941, respectively, which are reserved/designated for future capital improvements.

# Northville Parks and Recreation Commission

## Notes to Financial Statements June 30, 2006

### Note 9 - Commitments

The Commission transfers funds to related municipal entities in an amount equal to the annual debt service incurred by those entities on behalf of the Commission. The annual requirement to service that debt as of June 30, 2006, including both principal and interest, is as follows:

<u>Fiscal Year</u>	<u>Charter Township of Northville Building Authority (Northville Community Park)</u>	<u>City of Northville (Equipment and Vehicle Debt)</u>
2007	\$ 27,875	\$ 19,141
2008	26,450	18,570
2009	-	4,850
Total	<u>\$ 54,325</u>	<u>\$ 42,561</u>

### Note 10 - Long-term Debt

The outstanding debt of the Commission consists of the following amounts borrowed from the Charter Township of Northville or financed by the City of Northville:

	<u>Interest Rate</u>	<u>Principal Matures</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Senior Community Center loan	0%	2021	\$ 1,445,009	\$ -	\$ -	\$ 1,445,009	\$ 30,000
Hillside recreation loan	0%	2019	367,351	-	-	367,351	28,258
Computer loan	0%	2006	1,260	-	1,260	-	-
Equipment loan	0%	2007	13,333	-	6,667	6,666	6,666
Total			<u>\$ 1,826,953</u>	<u>\$ -</u>	<u>\$ 7,927</u>	<u>\$ 1,819,026</u>	<u>\$ 64,924</u>



# Northville Parks and Recreation Commission

## Notes to Financial Statements June 30, 2006

### Note 10 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above debt obligations are as follows:

	Principal	Interest	Total
2007	\$ 64,924	\$ -	\$ 64,924
2008	68,258	-	68,258
2009	78,258	-	78,258
2010	88,258	-	88,258
2011	143,258	-	143,258
2012-2016	716,290	-	716,290
2017-2021	659,780	-	659,780
Total	<u>\$ 1,819,026</u>	<u>\$ -</u>	<u>\$ 1,819,026</u>

### Note 11 - Risk Management

The Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. As an affiliate of the City of Northville (the "City"), the Commission participates in the Michigan Municipal Risk Management Authority (the "Authority") for claims relating to property loss, torts, and errors and omissions. The Commission also participates, through its affiliation with the City, in the Michigan Municipal League (MML) risk pool for employee injuries. The Commission, through the City, has purchased commercial insurance for all medical benefits beginning November 1, 1998. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority's risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Michigan Municipal Risk Management Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Commission. A portion of the excess insurance coverage is underwritten by the Michigan Municipal Risk Management Authority itself.

The Commission estimates the liability for general liability claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not been reported. During the year ended June 30, 2006, there were no uninsured claims paid by the Commission.

# Northville Parks and Recreation Commission

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## Notes to Financial Statements June 30, 2006

### **Note 12 - Pension Plan and Other Postemployment Benefits**

The City of Northville administers the pension plan and postretirement benefit plan on behalf of the Commission. The employer of record for the Commission is the City of Northville. Accordingly, employees and retirees (of which there are none at year end) of the Commission participate in the City's employee benefit programs and policies and are pooled with all other City employees for benefits administration. The City charges the Commission for its pro rata share of employee fringe benefit costs in the same manner as City departments are charged for fringe benefits. The Commission contributes a pro rata share of the amortization of unfunded actuarial liability for the defined benefit pension plan and postretirement benefit plan. A description of the pension plan and postretirement benefit plan, and related overall funding levels, may be obtained from the City of Northville's financial statements. Those statements may be obtained by contacting the City of Northville, 215 West Main Street, Northville, Michigan 48167.

The Commission reimbursed the City \$386,485 for fringe benefit expenditures during the year ended June 30, 2006.

**Upcoming Reporting Change** - The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2009.

## **Required Supplemental Information**

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# Northville Parks and Recreation Commission

## Required Supplemental Information Budgetary Comparison Schedule - Parks and Recreation Fund Year Ended June 30, 2006

	Year Ended June 30				
	2006				2005
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenue</b>					
Operating contributions - City and Township	\$ 953,404	\$ 953,404	\$ 954,171	\$ 767	\$ 932,445
Program activities	990,226	956,712	975,623	18,911	889,057
Federal and other grants	-	100	100	-	4,081
Parks and facilities development revenue	73,000	49,000	46,806	(2,194)	51,061
Dog park revenue	15,650	7,740	16,840	9,100	7,514
Facility rental revenue	325,500	340,337	364,482	24,145	273,705
Other revenues	44,480	50,400	57,291	6,891	40,874
Total revenue	2,402,260	2,357,693	2,415,313	57,620	2,198,737
<b>Other Financing Sources</b> - Operating transfers in	31,776	31,776	31,776	-	30,850
Total revenues and other financing sources	2,434,036	2,389,469	2,447,089	57,620	2,229,587
<b>Expenditures</b>					
Program activities	953,996	987,622	960,932	26,690	848,821
Park maintenance and capital outlay	401,055	378,954	349,895	29,059	307,074
Facility centers	355,105	366,343	353,728	12,615	316,473
Administration	556,000	554,003	554,945	(942)	538,906
Dog park expenditures	12,265	14,060	13,681	379	16,224
Debt service	4,537	4,537	4,535	2	4,640
Total expenditures	2,282,958	2,305,519	2,237,716	67,803	2,032,138
<b>Other Financing Uses</b> - Operating transfers out	133,508	105,067	111,605	(6,538)	49,541
Total expenditures and other financing uses	2,416,466	2,410,586	2,349,321	61,265	2,081,679
<b>Net Change in Fund Balance</b>	17,570	(21,117)	97,768	118,885	147,908
<b>Fund Balance</b> - Beginning of year	149,719	149,719	149,719	-	1,811
<b>Fund Balance</b> - End of year	<u>\$ 167,289</u>	<u>\$ 128,602</u>	<u>\$ 247,487</u>	<u>\$ 118,885</u>	<u>\$ 149,719</u>

# Northville Parks and Recreation Commission

## Required Supplemental Information Budgetary Comparison Schedule - Senior Adult Services Fund Year Ended June 30, 2006

	Year Ended June 30				
	2006				2005
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenue</b>					
Operating contributions - City and Township	\$ 143,869	\$ 143,869	\$ 143,365	\$ (504)	\$ 139,679
Program activities	134,704	128,371	111,029	(17,342)	96,393
Federal and other grants	67,378	67,378	76,211	8,833	111,007
Donations	7,500	6,578	7,035	457	5,604
Other revenues	8,100	8,600	9,757	1,157	7,667
Total revenue	361,551	354,796	347,397	(7,399)	360,350
<b>Expenditures</b>					
Program activities	144,600	210,429	213,871	(3,442)	146,929
Administration	185,175	121,902	117,827	4,075	181,125
Total expenditures	329,775	332,331	331,698	633	328,054
<b>Other Financing Uses - Operating transfers out</b>	<u>31,776</u>	<u>31,776</u>	<u>31,776</u>	<u>-</u>	<u>30,850</u>
Total expenditures and other financing uses	<u>361,551</u>	<u>364,107</u>	<u>363,474</u>	<u>633</u>	<u>358,904</u>
<b>Net Change in Fund Balance</b>	-	(9,311)	(16,077)	(6,766)	1,446
<b>Fund Balance - Beginning of year</b>	<u>171,650</u>	<u>171,650</u>	<u>171,650</u>	<u>-</u>	<u>170,204</u>
<b>Fund Balance - End of year</b>	<u>\$ 171,650</u>	<u>\$ 162,339</u>	<u>\$ 155,573</u>	<u>\$ (6,766)</u>	<u>\$ 171,650</u>

# Northville Parks and Recreation Commission

## Required Supplemental Information Budgetary Comparison Schedule - Parks and Recreation Capital Projects Fund Year Ended June 30, 2006

	Year Ended June 30				
	2006			2005	
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenue</b>					
Construction contributions - City and Township	\$ 27,500	\$ 28,184	\$ 12,136	\$ (16,048)	\$ 344,862
Federal grant revenue	-	-	-	-	68,895
Other revenue	-	10	3	(7)	19,075
Total revenue	27,500	28,194	12,139	(16,055)	432,832
<b>Other Financing Sources</b>					
Transfers in	133,508	105,067	111,605	6,538	49,541
Financing proceeds	24,000	-	-	-	20,000
Total revenue and other financing sources	185,008	133,261	123,744	(9,517)	502,373
<b>Expenditures</b>					
Park maintenance and capital outlay	132,238	80,879	71,372	9,507	44,621
Facility center	-	-	-	-	300,043
Debt service	52,770	52,382	52,372	10	43,995
Total expenditures	185,008	133,261	123,744	9,517	388,659
<b>Other Financing Uses - Operating transfers out</b>	-	-	-	-	101,187
Total expenditures and other financing uses	185,008	133,261	123,744	9,517	489,846
<b>Net Change in Fund Balance</b>	-	-	-	-	12,527
<b>Fund Balance - Beginning of year</b>	11,688	11,688	11,688	-	(839)
<b>Fund Balance - End of year</b>	<u>\$ 11,688</u>	<u>\$ 11,688</u>	<u>\$ 11,688</u>	<u>\$ -</u>	<u>\$ 11,688</u>

# Northville Parks and Recreation Commission

## Required Supplemental Information Budgetary Comparison Schedule - Senior Adult Services Capital Projects Fund Year Ended June 30, 2006

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenue</b>				
Donations	\$ 6,500	\$ 5,578	\$ 5,578	\$ -
Other	<u>1,700</u>	<u>3,400</u>	<u>5,882</u>	<u>2,482</u>
Total revenue	8,200	8,978	11,460	2,482
<b>Expenditures</b> - Park maintenance and capital outlay	<u>8,200</u>	<u>8,978</u>	<u>1,775</u>	<u>7,203</u>
<b>Net Change in Fund Balance</b>	-	-	9,685	(9,685)
<b>Fund Balance</b> - Beginning of year	<u>108,256</u>	<u>108,256</u>	<u>108,256</u>	<u>-</u>
<b>Fund Balance</b> - End of year	<u><b>\$ 108,256</b></u>	<u><b>\$ 108,256</b></u>	<u><b>\$ 117,941</b></u>	<u><b>\$ (9,685)</b></u>

## **Other Supplemental Information**

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# Northville Parks and Recreation Commission

## Other Supplemental Information Schedule of Program Activities Revenue - Budget and Actual Parks and Recreation Fund Year Ended June 30, 2006

	Year Ended June 30				
	2006			2005	
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Program Activities Revenue - Registration and fees</b>					
Adult basketball	\$ 62,000	\$ 65,000	\$ 65,609	\$ 609	\$ 64,935
Adult softball	12,500	13,500	13,029	(471)	13,039
Aquatics	125,000	115,000	101,101	(13,899)	102,875
Day camp	38,000	40,000	30,891	(9,109)	40,359
Ski club	47,150	42,800	42,808	8	46,350
Northville Baseball/Softball Association	79,080	57,912	136,354	78,442	64,901
Northville Soccer Association	98,496	105,352	98,376	(6,976)	65,670
Tennis	25,000	20,000	17,721	(2,279)	15,787
Fitness	40,000	42,000	38,489	(3,511)	43,293
Youth basketball	61,000	70,000	75,026	5,026	65,192
Basketball summer camp	15,000	18,000	23,087	5,087	18,111
Youth volleyball	32,000	26,000	23,226	(2,774)	32,323
Sand volleyball	4,500	6,700	6,357	(343)	6,779
Adult volleyball	26,000	28,300	28,298	(2)	23,243
Lacrosse	24,500	14,000	12,990	(1,010)	14,513
Safety town	15,000	16,250	17,120	870	15,774
Cultural arts	22,000	20,000	22,214	2,214	17,497
NYCAC	6,000	750	1,118	368	10,134
Other activities	255,000	255,148	221,809	(33,339)	228,211
Community events	2,000	-	-	-	71
<b>Total program activities revenue</b>	<b>\$ 990,226</b>	<b>\$ 956,712</b>	<b>\$ 975,623</b>	<b>\$ 18,911</b>	<b>\$ 889,057</b>

# Northville Parks and Recreation Commission

## Other Supplemental Information Schedule of Program Activities and Park Expenditures - Budget and Actual Parks and Recreation Fund Year Ended June 30, 2006

	Year Ended June 30				
	2006			2005	
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Program Activities Expenditures</b>					
Adult basketball	\$ 61,435	\$ 58,240	\$ 65,305	\$ (7,065)	\$ 59,482
Adult softball	11,835	12,032	11,603	429	10,014
Aquatics	126,865	123,295	127,617	(4,322)	122,363
Day camp	36,765	38,148	35,276	2,872	31,116
Ski club	40,940	38,360	38,354	6	43,409
Northville Baseball/Softball Association	79,080	136,992	136,354	638	64,901
Northville Soccer Association	98,496	105,355	98,378	6,977	65,670
Tennis	21,550	16,151	15,661	490	13,512
Fitness	38,300	36,851	36,282	569	36,757
Youth basketball	60,860	66,675	69,931	(3,256)	60,585
Basketball summer camp	14,050	16,050	16,254	(204)	15,198
Youth volleyball	31,890	25,530	22,765	2,765	31,762
Sand volleyball	3,300	3,760	3,744	16	3,201
Adult volleyball	24,785	25,410	24,155	1,255	23,031
Lacrosse	24,385	13,710	11,698	2,012	12,874
Safety town	13,160	16,137	13,072	3,065	12,972
Cultural arts	21,580	18,100	13,852	4,248	19,918
NYCAC	6,000	1,420	1,412	8	5,803
Other activities	230,720	235,406	219,219	16,187	216,253
Community events	8,000	-	-	-	-
Total program activities expenditures	<u>\$ 953,996</u>	<u>\$ 987,622</u>	<u>\$ 960,932</u>	<u>\$ 26,690</u>	<u>\$ 848,821</u>
<b>Park Development and Capital Outlay -</b>					
Fields and park maintenance	<u>\$ 401,055</u>	<u>\$ 378,954</u>	<u>\$ 349,895</u>	<u>\$ 29,059</u>	<u>\$ 307,074</u>

# Northville Parks and Recreation Commission

## Other Supplemental Information Schedule of Program Activities Revenue and Expenditures Parks and Recreation Fund Year Ended June 30, 2006

	Year Ended June 30					
	2006			2005		
	Revenue	Expenditures	Revenue Over (Under)	Revenue	Expenditures	Revenue Over (Under)
			Expenditures			Expenditures
<b>Registration and Fees</b>						
Adult basketball	\$ 65,609	\$ 65,305	\$ 304	\$ 64,935	\$ 59,482	\$ 5,453
Adult softball	13,029	11,603	1,426	13,039	10,014	3,025
Aquatics	101,101	127,617	(26,516)	102,875	122,363	(19,488)
Day camp	30,891	35,276	(4,385)	40,359	31,116	9,243
Ski club	42,808	38,354	4,454	46,350	43,409	2,941
Tennis	17,721	15,661	2,060	15,787	13,512	2,275
Fitness	38,489	36,282	2,207	43,293	36,757	6,536
Youth basketball	75,026	69,931	5,095	65,192	60,585	4,607
Basketball summer camp	23,087	16,254	6,833	18,111	15,198	2,913
Youth volleyball	23,226	22,765	461	32,323	31,762	561
Sand volleyball	6,357	3,744	2,613	6,779	3,201	3,578
Adult volleyball	28,298	24,155	4,143	23,243	23,031	212
Lacrosse	12,990	11,698	1,292	14,513	12,874	1,639
Safety town	17,120	13,072	4,048	15,774	12,972	2,802
Cultural arts	22,214	13,852	8,362	17,497	19,918	(2,421)
NYCAC	1,118	1,412	(294)	10,134	5,803	4,331
Other activities	221,809	219,219	2,590	228,211	216,253	11,958
Community events	-	-	-	71	-	71
Subtotal	740,893	726,200	14,693	758,486	718,250	40,236
Northville Baseball/ Softball Association	136,354	136,354	-	64,901	64,901	-
Northville Soccer Association	98,376	98,378	(2)	65,670	65,670	-
Subtotal	234,730	234,732	(2)	130,571	130,571	-
Program activities	<u>\$ 975,623</u>	<u>\$ 960,932</u>	<u>\$ 14,691</u>	<u>\$ 889,057</u>	<u>\$ 848,821</u>	<u>\$ 40,236</u>



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August 30, 2006

To the Board of Commissioners  
Northville Parks and Recreation  
Commission  
215 West Main Street  
Northville, MI 48167

Dear Commissioners:

We recently completed the audit of the financial statements of the Northville Parks and Recreation Commission for the year ended June 30, 2006. In addition to the audit report, we offer the following comments for your consideration:

### **Operational Considerations**

Each year we discuss with you the benefits of maintaining an appropriate level of fund balance. In the past we have suggested that the Commission give consideration to operational and capital needs of future years when considering an appropriate level of fund balance. In the current year, the fund balance for the General Fund increased by \$97,768. Ending fund balance in the General Fund was \$247,487, although the unreserved fund balanced is \$119,800. We encourage an appropriate level of fund balance to allow for future growth plans, as well as unanticipated emergencies.

Financial operating improvements in the current year include the following:

- The success by almost all programs in covering their direct costs
- The continued improvement in reducing the deficit situation in the aquatics programs (which typically carry a larger overhead burden than other programs)

In our letter from last year, we discussed the importance of evaluating operational and capital needs for the next 5 to 10 years. Unlike many recreation commissions in the area, Northville Parks and Recreation Commission continues to grow and expand with continued plans for facility renovations, park expansions, etc. We must reiterate that these facilities are not necessarily "revenue neutral". For example, the cost of a park is generally not recovered by user fees.

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August 30, 2006

Despite many new initiatives, including the governor's proposed tax reform and a Local Government Fiscal Task Force investigation, there does not appear to be an end in sight to the current economic difficulties facing the state or the local communities. Please continue to discuss the proper balance of revenue sources. Generally, revenue received by parks and recreation commissions are from user fees, taxpayers, or grants.

It has once again been our pleasure to serve as your auditors. We would like to thank Traci Sincock and her staff for their efforts in preparing for this audit. Please know that Plante & Moran, PLLC is the largest service provider for governmental entities, including several parks and recreation commissions, in the state of Michigan. We would like to use our experience as a resource for you. Please don't hesitate to contact us if we can provide any assistance, or answer any questions.

Yours truly,

**Plante & Moran, PLLC**

A handwritten signature in black ink, appearing to read "Beth Bialy".

Beth A. Bialy

A handwritten signature in black ink, appearing to read "Christopher Jones".

Christopher S. Jones